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Request for the inclusion of a supplementary item in the agenda of the seventy-third session

Observer status for the Asian Infrastructure Investment Bank in the General Assembly

Letter dated 17 August 2018 from the Chargé d'affaires a.i. of the Permanent Mission of China to the United Nations addressed to the Secretary-General

Upon instructions from the Government of China, which is a founding member of the Asian Infrastructure Investment Bank and its host country, I have the honour to request, under rule 14 of the rules of procedure of the General Assembly, the inclusion in the agenda of the seventy-third session of the General Assembly of a supplementary item entitled "Observer status for the Asian Infrastructure Investment Bank in the General Assembly".

A letter from the Minister of Finance of the People's Republic of China is attached (annex I), together with an explanatory memorandum in support of the above request (annex II) and a draft resolution (annex III) in accordance with rule 20 of the rules of procedure of the General Assembly.

I have the further honour to request that the present letter and its annexes be circulated as a document of the General Assembly.

(*Signed*) **Wu** Haitao
Chargé d'affaires a.i.
Ambassador and Deputy Permanent Representative
of the People's Republic of China to the United Nations

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Annex I

Letter dated 30 July 2018 from the Minister of Finance of the People's Republic of China addressed to the Secretary-General

In my capacity as the Governor of the Asian Infrastructure Investment Bank (AIIB) representing the People's Republic of China, the headquarters State of AIIB, and upon the invitation of AIIB, I have the honour to request, through the Permanent Mission of China to the United Nations and in accordance with rule 14 of the rules of procedure of the General Assembly, the inclusion in the agenda of the seventy-third session of the General Assembly of a supplementary item entitled "Observer status for the Asian Infrastructure Investment Bank in the General Assembly".

AIIB was established as an intergovernmental organization in 2015 by virtue of the AIIB Articles of Agreement, a treaty that has been registered with the United Nations by the Chinese Government as its depositary. As of June 2018, there were 66 members of the Bank, and 21 other countries are expected to ratify the Articles of Agreement and join the Bank by the end of 2018.

AIIB is mandated by its members to foster sustainable economic development, improve infrastructure connectivity in Asia and promote regional cooperation and partnership by working in close collaboration with other international institutions to address development challenges. Over its two and a half years of operation, AIIB has reached cooperation arrangements and co-financed development projects with a large number of international development organizations, including various United Nations specialized agencies and regional development banks. There is no doubt that the General Assembly's granting of observer status to AIIB will further enhance its cooperation with entities in the United Nations system and its contribution to implementation of the 2030 Agenda for Sustainable Development in general.

(*Signed*) Kun **Liu**
Minister of Finance of the People's Republic of China

Annex II

Explanatory memorandum

1. Historical background

The Asian Infrastructure Investment Bank (AIIB) is an intergovernmental institution organized by virtue of the AIIB Articles of Agreement (entered into force on 25 December 2015). It is mandated by its members to: (a) foster sustainable economic development, create wealth and improve infrastructure connectivity in Asia by investing in infrastructure and other productive sectors; and (b) to promote regional cooperation and partnership by working in close collaboration with other multilateral and bilateral development institutions to address development challenges.

2. Membership

Membership of the Bank is open to existing members of the International Bank for Reconstruction and Development or the Asian Development Bank. Membership is divided into regional and non-regional members. As of June 2018, there were 66 members of the Bank, and 21 other countries are expected to ratify the AIIB Articles of Agreement and join the Bank by the end of 2018.

3. Governance

The AIIB is institutionally structured in a manner that is conventional to multilateral development banks. It comprises three governance organs: the Board of Governors, the Board of Directors and the President.

All powers of the Bank are vested in the Board of Governors, constituted of one Governor for each member. The Board of Governors meets at least once a year.

The Board of Directors prepares the work of the Board of Governors, establishes the policies and strategies of the Bank, supervises the management and operations of the Bank by the President, approves the annual plan and budget, forms committees and prepares audited accounts. The Board of Directors is composed of 12 Directors, of whom 9 are elected by the regional membership and 3 by the non-regional membership.

The President, appointed by the Board of Governors, chairs the Board of Directors, is the chief of staff and legal representative of the Bank and conducts the everyday business of the AIIB under the direction of the Board of Directors. As chief of staff, the President is responsible for the management of the Bank's staff, in accordance with staff regulations adopted by the Board of Directors.

4. Capital structure

The $100 billion capital stock of the Bank is divided into one million $100,000 par value shares. Shares are allocated based largely upon the relative share of the global economy of members within the regional and non-regional groupings. The regional shareholding cannot fall below 75 per cent of the subscribed shares without the authorization of the Board of Governors.

The Bank's largest shareholders include China, India, Russia, Germany, Korea, Australia, France, Indonesia, the United Kingdom and Turkey. The liability of the members is limited to the shares they have subscribed to, including the uncalled portion of such shares. The total voting power of the Bank's members is an expression of the combination of 600 votes allocated to each founding member, a number of votes equal to the number of shares held by the member, and an equal division between the members of 12 per cent of the aggregate of basic votes, share votes and

founding member votes. Decision-making by the Board of Governors is on the basis of a simple majority of the votes cast, a special majority (representing a majority of both members and total voting power) or a super majority (comprising two thirds of the members representing not less than three fourths of the total voting power). Matters before the Board of Directors are normally decided by a simple majority of the votes cast. However, certain important operational and financial policies and decisions require a majority of three fourths of the total voting power of the members.

5. Operations

The Bank's mission is to foster sustainable economic development, create wealth and improve infrastructure connectivity in Asia by investing in infrastructure and other productive sectors, as well as by collaborating closely with other international financial institutions and international organizations with a focus on economic development within the Bank's operational areas. AIIB provides or facilitates financing for any of its members, or any agency, institution or political subdivision thereof, or any entity or enterprise operating in the territory of its members, as well as for international or regional agencies or entities concerned with the economic development of Asia. Furthermore, the financing toolkit of AIIB encompasses a huge variety of approaches, including sovereign-backed and non-sovereign-backed loans, equity investment and guaranteeing, whether as primary or secondary obligor, in whole or in part, loans for economic development. In addition, the Bank may provide technical assistance and other types of financing.

As of July 2018, AIIB has approved financing for 28 development projects in the amount of $5.34 billion in both regional and non-regional member countries. The majority of these projects have been collaborations, co-financed with other multilateral development banks, including the World Bank Group, the International Finance Corporation, the Asian Development Bank and the European Bank for Reconstruction and Development.

Over time, most of the resources used to finance projects are expected to be raised by the Bank from international capital markets by issuing AIIB debt securities, as is done by other major multilateral development banks. That the Bank has been assigned the highest credit ratings by the Standard & Poor's Global Ratings, Fitch Ratings and Moody's Investors Service is reflective of the sovereign personality and strong finances of most of its members, the backing of its callable capital, the Bank's prudent financial policies and management, together with the Bank's focus on development, rather than profit maximization.

6. Conclusion

AIIB is committed to and provides tangible assistance for sustainable social and economic development globally. It is keen to develop further cooperation with the United Nations so that it may be able to observe and participate in the deliberations in, or under the auspices of, the United Nations, and to make its own contribution to the policymaking therein on matters such as global governance and international development, in the light of the 2030 Agenda for Sustainable Development.

AIIB membership

AIIB members as of July 2018

Afghanistan
Australia
Austria
Azerbaijan
Bangladesh
Brunei Darussalam
Cambodia
Canada
China
Cyprus
Denmark
Egypt
Ethiopia
Fiji
Finland
France
Georgia
Germany
Hong Kong, China
Hungary
Iceland
India
Indonesia
Iran
Ireland
Israel
Italy
Jordan
Kazakhstan
Republic of Korea
Kyrgyz Republic
Lao People's Democratic Republic
Luxembourg
Madagascar
Malaysia
Maldives
Malta
Mongolia
Myanmar
Nepal
Netherlands
New Zealand
Norway
Oman
Pakistan
Philippines
Poland
Portugal
Qatar
Russia
Samoa
Saudi Arabia
Singapore
Spain
Sri Lanka
Sweden
Switzerland
Tajikistan
Thailand
Timor-Leste
Turkey
United Arab Emirates
United Kingdom
Uzbekistan
Vanuatu
Viet Nam

Countries expected to join AIIB by 31 December 2018

Argentina
Armenia
Bahrain
Belarus
Belgium
Bolivia
Brazil
Chile
Cook Islands
Ecuador
Greece
Kenya
Kuwait
Lebanon
Papua New Guinea
Peru
Romania
South Africa
Sudan
Tonga
Venezuela

More information is available at www.aiib.org.

Annex III

Draft resolution submitted by China

Observer status for the Asian Infrastructure Investment Bank in the General Assembly

The General Assembly,

Noting the aspiration of the Asian Infrastructure Investment Bank to develop its cooperation with the United Nations,

1. *Decides* to invite the Asian Infrastructure Investment Bank to participate in the sessions and the work of the General Assembly in the capacity of observer;

2. *Requests* the Secretary-General to take the action necessary to implement the present resolution.